

CITY COUNCIL  
ATLANTA, GEORGIA

**AN ORDINANCE**

**05 - 0 - 0781**

**BY FINANCE AND EXECUTIVE COMMITTEE**

**AN ORDINANCE AMENDING THE 2005 (AIRPORT FACILITY REVENUE BOND SINKING FUND AND 2000 AIRPORT REVENUE BOND FUND) BUDGETS BY TRANSFERRING TO AND FROM APPROPRIATIONS THE AMOUNT OF \$11,814,692 FOR THE PURPOSE OF MAKING AN ARBITRAGE REBATE PAYMENT TO THE INTERNAL REVENUE SERVICE RESULTING FROM INTEREST EARNED OVER A 5-YEAR PERIOD BY THE CITY YIELDING AN INTEREST RATE IN EXCESS OF THE RATE CITY OF ATLANTA AIRPORT BONDS WERE ISSUED DATED MARCH 2000; AND FOR OTHER PURPOSES.**

**WHEREAS**, the City of Atlanta has undertaken a capital improvement program to facilitate major expansions and improvements at Hartsfield Atlanta International Airport in accordance with the new Airport Master Plan; and

**WHEREAS**, The City of Atlanta, Georgia (the "City"), issued Airport General Revenue and Refunding Bonds (Series 2000 Bonds) in March, 2000 in the amount of \$1,010,235,000 to finance a portion of the program of capital improvements to the Airport and to refund certain maturities of the City's outstanding airport facilities revenue bonds; and

**WHEREAS**, bond proceeds awaiting to be disbursed were invested in the interim period and subsequently generated interest earnings after 5-years in the amount of \$124,044,549; and

**WHEREAS**, the net effect of the \$124,044,549 in interest earned over a 5-year period resulted in a rebate amount due to the Internal Revenue Service (IRS) in the amount of \$13,260,227.84; and

**WHEREAS**, the City is required to make a minimum 90% payment within 60 days from April 1, 2005 for a total payment due of \$11, 814,692 (\$13,260,227.84 x 90%); and

**WHEREAS**, the calculation has been verified by Dobbs, Ram & Company who serves on the team of Financial Advisors to the City of Atlanta; and

**WHEREAS**, funds now need to be transferred and properly appropriated for the purpose of making an arbitrage rebate payment to the IRS.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA, HEREBY ORDAINS** as follows:

**Section 1:** That reserves in the 2005 Airport Facility Revenue Bond Sinking Fund be transferred as follows:

**TRANSFER FROM APPROPRIATIONS**

2H53 792002 T31Z01009999	Reserve, Sinking Fund Requirement	\$11,814,692.00
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**TRANSFER TO APPROPRIATIONS**

2H53 762001 R21001	Interfund Operations Transfer	\$11,814,692.00
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**Section 2:** That the Chief Financial Officer be and is hereby authorized to pay \$11,814,692 from the account 2H53 562001 R21001 in the 2005 (Airport Facility Revenue Bond Sinking Fund) to the 2000 Airport Revenue Bond Fund (2H27 492435 B00001).

**Section 3:** That the 2005 (2000 Airport Revenue Bond Fund) Budget be and is hereby amended as follows:

**ADD TO ANTICIPATIONS**

2H27 692435 B00001	Operations Trans. From Fund 2H53	\$11,814,692.00
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**ADD TO APPROPRIATIONS**

2H27 729023 T31001	Arbitrage Rebate	\$11,814,692.00
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**Section 4:** That the Chief Financial Officer and City Attorney be authorized to undertake such task as payment to the IRS (Internal Revenue Service) necessary to effect said rebate and for other purposes.

**Section 5:** That all ordinances and parts of ordinances in conflict herewith, be and the same are hereby repealed.

## **LEGISLATION WHITE PAPER**

### **Required Information**

### **Legislation Specific Information**

Council Meeting Dates:

May 16, 2005

Legislation Title:

Funding for Arbitrage Rebate Payment

Justification (Needs)  
Statement:

The Department of Aviation has been appraised of the fact that it is to make an Arbitrage Rebate Payment in the amount of \$11,814,692 to the Internal Revenue Service by May 31, 2005. The information was provided by Dobbs Ram & Company who serves as one of the City's Financial Advisors.

Background:

The City invested bond proceeds at a yield higher than the yield on the City's "Airport General Revenue and Refunding Bonds Series 2000 A and B" bond issue. The calculated bond yield was 5.832487% and the Period Investment Yield (PIY) from April 20, 2000 to April 1, 2005, taking into account the annual computation date credits was 6.3991954%. The City has excess earnings in the amount of \$13,127,435.61 for the period from April 20, 2000 to April 1, 2005. The City is required to make a minimum 90% payment within 60 days from April 1, 2005 for a total payment due of \$11,814,692 (\$13,260,227.84 x 90%).

Fund, Account, Center

The \$11,814,692 will be transferred from FAC #:  
**2H27** – 2000 Airport Revenue Bond Fund  
**729023** – Arbitrage Rebate  
**T31001** – Unallocated Fund-Wide Expense

Method of Cost Recovery:  
Additional Information:

N/A

Point of Contact:

Charles Bell – (404) 209-2945 ext 147

## ***Legislative White Paper***

**Committee of Purview:** Finance/Executive

**Council Meeting Date:** May 16, 2005

**Legislation Title:** Funding for Arbitrage Rebate Payment

**Requesting Dept.:** Department of Aviation and Finance

**Contract Type:** N/A

**Justification Statement:** The Department of Aviation has been appraised of the fact that it is to make an Arbitrage Rebate Payment in the amount of \$11,814,692 to the Internal Revenue Service by May 31, 2005. The information was provided by Dobbs Ram & Company who serves as one of the City's Financial Advisors.

**Background:** The City invested bond proceeds at a yield higher than the yield on the City's "Airport General Revenue and Refunding Bonds Series 2000 A and B" bond issue. The calculated bond yield was 5.832487% and the Period Investment Yield (PIY) from April 20, 2000 to April 1, 2005, taking into account the annual computation date credits was 6.3991954%. The City has excess earnings in the amount of \$13,127,435.61 for the period from April 20, 2000 to April 1, 2005. The City is required to make a minimum 90% payment within 60 days from April 1, 2005 for a total payment due of \$11,814,692 (\$13,260,227.84 x 90%).

**Fund Account Center:** 2H27 729023 T31001 \$11,814,692.00

**Source of Funds:** Airport Facility Revenue Bond Sinking Fund

**Term of Contract:** N/A

**Method of Cost Recovery:** N/A

# DOBBS, RAM & COMPANY

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A Systems Integration Company

April 15, 2005

Ms. Janice D. Davis  
Chief Financial Officer  
City of Atlanta  
Department of Finance  
68 Mitchell Street, Suite 11110  
Atlanta, GA 30335

**Re: \$1,010,235,000  
City of Atlanta, Georgia  
Airport General Revenue and Refunding Bonds  
Series 2000 A and B**

Dear Ms. Davis:

On behalf of DOBBS, RAM & Company ("DRC"), we are pleased to present the results of our arbitrage rebate calculation service, ARBI-COMP<sup>tm</sup>, for the period from April 20, 2000 to April 1, 2005. (First Installment Date Period)

Enclosed are two copies of the report, divided into sections containing summary and detailed information related to the rebate computation.

The scope of our engagement consisted of preparing the computations to determine the excess earnings (rebate) using methodologies described in the 1993 Treasury Regulations. In order to prepare these computations, we were provided by the City of Atlanta (the "City") with the Investment Activity Reports and the documents related to the Bonds and the Investment Portfolio.

Our analysis of the results of the rebate computations for the above-referenced issue indicates the following:

1. The City invested bond proceeds at a yield higher than the yield on the bond issue. The calculated bond yield was 5.832487% and the Period Investment Yield (PIY) from April 20, 2000 to April 1, 2005, taking into account the annual computation date credits was 6.3991954%.
2. The City has excess earnings in the amount of \$13,127,435.61 for the period from April 20, 2000 to April 1, 2005.

Ms. Janice D. Davis  
April 15, 2005  
Page Two

3. The City is required to make a minimum 90% payment within 60 days from April 1, 2005.

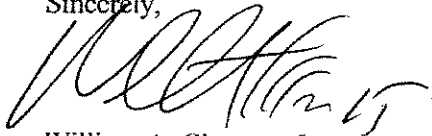
Please send a copy of this report, IRS Form 8038-T and a check in the amount of \$11,814,692.05 (90%) or \$13,127,435.61 (100%) to:

**Internal Revenue Service  
Ogden, UT 84201**

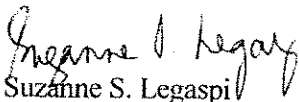
The scope of our engagement was limited to the preparation of a mathematically accurate computation of the rebate amount based upon information provided to us by the City. In accordance with the terms of our engagement, we did not audit the information provided to us and we cannot verify the completeness or the accuracy of this information for purposes of calculating the rebate amount.

Again, DRC is pleased that you have engaged us to perform your first installment date arbitrage rebate computations. If you have any questions, or require further assistance, please feel free to contact us at your convenience.

Sincerely,



William A. Clement, Jr.  
Chairman & CEO



Suzanne S. Legaspi  
Vice President  
Arbitrage Rebate Services

cc: Ms. Karen Carter, City of Atlanta  
Mr. Shah Al-Mamun, City of Atlanta  
Ms. Tracy Curry, City of Atlanta  
Mr. Charles Bell, City of Atlanta

TRANSMITTAL FORM FOR LEGISLATION

To Mayor's Office: Greg Pridgeon

Commissioner's Signature: \_\_\_\_\_

From: Originating Dep't Finance Contact Person: Karen Carter 404 330 6956

Committee of Purview: Finance/Executive Committee Deadline: \_\_\_\_\_

Committee Meeting: \_\_\_\_\_ Council Meeting: \_\_\_\_\_

**CAPTION:**

**AN ORDINANCE AMENDING THE 2005 (AIRPORT FACILITY REVENUE BOND SINKING FUND AND 2000 AIRPORT REVENUE BOND FUND) BUDGETS BY TRANSFERRING TO AND FROM APPROPRIATIONS THE AMOUNT OF \$11,814,692 FOR THE PURPOSE OF MAKING AN ARBITRAGE REBATE PAYMENT TO THE INTERNAL REVENUE SERVICE RESULTING FROM INTEREST EARNED OVER A 5-YEAR PERIOD BY THE CITY YIELDING AN INTEREST RATE IN EXCESS OF THE RATE CITY OF ATLANTA AIRPORT BONDS WERE ISSUED DATED MARCH 2000; AND FOR OTHER PURPOSES.**

**BACKGROUND/DISCUSSION:**

This paper authorizes an inter-fund transfer and payment to the IRS totaling \$11,814,692. The funding source is the 2005 Airport Facility Revenue Bond Sinking Fund Reserve Account. The transfer is needed to adequately place funds in the "2000 Airport Revenue Bond Fund" which will provide for an \$11,814,692 Arbitrage Rebate payment from the City to the IRS. The Arbitrage Rebate payment is due as a result of interest earned over a 5-year period on the invested portion of the Airport's 2000 Series Bonds. By law the maximum interest earned for said period could not exceed \$110,917,113. The City earned \$124,044,549. The Airport 2000 Series Bond issue totaled \$1,010,235,000. The City is required to make a minimum 90% payment within 60 days from April 1, 2005 for a total payment due of \$11, 814,692 (\$13,260,227.84 x 90%).

**FINANCIAL IMPACT:** \$11,814,692

**SOURCE:** Airport Facility Revenue  
Bond Sinking Fund

Fund Account Center numbers and availability of funds verified by Financial Analyst, Chiquetta West.

**Mayor's Staff Only:**

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Received by Mayor's Office: \_\_\_\_\_ Reviewed: \_\_\_\_\_  
(Date) (Initials) (Date)

Submitted to Council: \_\_\_\_\_

Action by Committee: \_\_\_\_\_ Approved \_\_\_\_\_ Adversed \_\_\_\_\_ Held  
\_\_\_\_\_ Amended \_\_\_\_\_ Substituted \_\_\_\_\_ Referred \_\_\_\_\_ Other